

SENATE RECORD VOTE ANALYSIS

104th Congress
2nd Session

Vote No. 142

May 22, 1996, 4:02 p.m.
Page S-5482 Temp. Record

BUDGET RESOLUTION/Repeal of the 1993 Social Security Tax

SUBJECT: Senate Concurrent Budget Resolution for fiscal years 1997-2002 . . . S. Con. Res. 57. Domenici (for Gramm) second-degree perfecting amendment No. 4034 to the Gramm amendment No. 4009, as amended.

ACTION: AMENDMENT AGREED TO, 50-48

SYNOPSIS: As reported, S. Con. Res. 57, the Concurrent Budget Resolution for fiscal years 1997-2002, will balance the Federal budget in fiscal year (FY) 2002 by slowing the overall rate of growth in spending over the next 6 years to below the rate of growth in revenue collections. The rate of growth in entitlements such as Medicare, Medicaid, the Aid to Families with Dependent Children program, and the Earned Income Credit will be slowed. No changes will be made to the Social Security program, the spending for which will grow from \$348 billion in FY 1996 to \$467 billion in FY 2002. Defense spending will be essentially frozen at its present level.

The Gramm amendment, as amended (see vote No. 141) would express the sense of the Senate that no provisions in this Budget Resolution should worsen the solvency of the Medicare Trust Fund.

The Gramm perfecting amendment to the Gramm amendment, as amended, would express the sense of the Senate: that the tax that President Clinton and congressional Democrats placed on Social Security benefits of senior citizens with incomes of \$34,000 or greater was a mistake and should be repealed; that it should be repealed in a manner that would not affect the Social Security or Medicare Part A trust funds; and that it should be repealed along with spending cuts in other programs to offset the revenue loss. The amendment is based on several findings, including that President Clinton and congressional Democrats originally proposed placing this new tax on senior citizens with \$25,000 or more in annual income.

NOTE: Following the vote, the Gramm second-degree amendment, and the underlying Gramm first-degree amendment, were adopted by voice votes.

Those favoring the amendment contended:

(See other side)

YEAS (50)			NAYS (48)			NOT VOTING (2)	
Republicans (49 or 92%)	Democrats (1 or 2%)		Republicans (4 or 8%)	Democrats (44 or 98%)		Republicans (0)	Democrats (2)
Abraham	Helms	Bryan	Chafee	Akaka	Johnston		Heflin ⁻²
Ashcroft	Hutchison		Cohen	Baucus	Kennedy		Rockefeller ⁻²
Bennett	Inhofe		Kassebaum	Biden	Kerrey		
Bond	Jeffords		Simpson	Bingaman	Kerry		
Brown	Kempthorne			Boxer	Kohl		
Burns	Kyl			Bradley	Lautenberg		
Campbell	Lott			Breaux	Leahy		
Coats	Lugar			Bumpers	Levin		
Cochran	Mack			Byrd	Lieberman		
Coverdell	McCain			Conrad	Mikulski		
Craig	McConnell			Daschle	Moseley-Braun		
D'Amato	Murkowski			Dodd	Moynihan		
DeWine	Nickles			Dorgan	Murray		
Dole	Pressler			Exon	Nunn		
Domenici	Roth			Feingold	Pell		
Faircloth	Santorum			Feinstein	Pryor		
Frist	Shelby			Ford	Reid		
Gorton	Smith			Glenn	Robb		
Gramm	Snowe			Graham	Sarbanes		
Grams	Specter			Harkin	Simon		
Grassley	Stevens			Hollings	Wellstone		
Gregg	Thomas			Inouye	Wyden		
Hatch	Thompson						
Hatfield	Thurmond						
	Warner						

EXPLANATION OF ABSENCE:

1—Official Business
2—Necessarily Absent
3—Illness
4—Other

SYMBOLS:

AY—Announced Yea
AN—Announced Nay
PY—Paired Yea
PN—Paired Nay

In 1993, President Clinton and his Democratic colleagues in Congress passed the largest tax hike in history, which they said was on the "rich." That tax hike included such taxes on the "rich" as a gas tax, a retroactive tax on the assets of dead people, and a tax on the Social Security checks of senior citizens with incomes of as little as \$34,000 (the Democrats originally tried to impose this tax on elderly Americans making \$25,000 or more each year). The Gramm amendment would express the sense of the Senate that this last tax increase should be eliminated, that it should be eliminated in a manner that would neither hurt the Medicare nor the Social Security trust funds, and that the \$33 billion cost to the Government of this elimination should be offset by cutting other spending in the \$1.6 trillion Federal budget.

Democrats offered an amendment that struck the language of the Gramm amendment on the previous vote (see vote No. 141). Perhaps they were hoping that we would not reoffer that language, and they would thus be spared from having to vote on it. Certainly if we were they we would find it uncomfortable to have to vote on the Gramm amendment. Most of the Democrats who are in the Senate today were here 3 years ago when they and President Clinton passed this tax without any Republican votes. They voted for this unjust tax. Now, the Gramm amendment has forced them to either choose to bring out their old, empty arguments in favor of this tax or to admit that passing it was a mistake and that it should be repealed. Democrats have chosen, not surprisingly, to bring out their old arguments. We are not surprised--Democrats are loathe to admit that any tax is a mistake. Our Democratic colleagues' basic arguments are still that this tax is only a tax on wealthy senior citizens and that it is necessary to prop up Medicare. Democrats should drop this rhetoric. Their arguments are still demonstrably wrong.

Under current law, the money that is taken from people in Social Security taxes is fully taxable as income. In other words, they are doubly taxed; they pay taxes on the Social Security taxes that they owe. Then, when they receive Social Security benefits, they are hit with a third tax on those benefits. In 1993, the Democrats passed a huge increase in that third tax for senior citizens who have incomes of \$34,000 or more. That tax increase is an outrage, yet Democrats persist in defending it. First, they say that it affects only the "richest" 13 percent of senior citizens. In response, most of the senior citizens who have to pay this new tax have incomes of between \$34,000 and \$50,000. Do our colleagues suggest that because other senior citizens have even lower incomes it is fair to impose this new tax on senior citizens who have incomes of less than \$50,000? Second, they have made the wildly misleading claim that these people who are being taxed are rich because they have average net assets of \$1 million. This claim is misleading because the top 1 percent of Americans hold 23 percent of the wealth. If the assets of one multi-billionaire like Ross Perot are averaged against the assets of thousands of retirees with lifetime accumulated assets of \$200,000 or less (perhaps a home, a car, and a few securities) of course one can arrive at the bogus statistics that their "average" income is \$1 million. Another reason why this claim is misleading is that Democrats include "imputed" income when determining net average assets for the retirees they hit with their tax. "Imputed" income counts not only the income that retirees actually receive, but the income they could receive. For example, if an elderly couple owns a house and lives in it instead of renting it, the rental income which they could be receiving but are not is counted as part of their "imputed" income. When the Democrats enacted this tax the Treasury Department said that fully 69 percent of the money collected would come from recipients earning less than \$100,000 per year. For someone with about \$40,000 in income, this tax comes to more than \$100 per month. The third reason that Democrats have said that this tax must be maintained is that the revenues that are collected are put in the Medicare Part A trust fund. Yes, Medicare must be strengthened, and yes, the tax on Social Security benefits is being used to strengthen it, but it does not follow that we should impose this tax to increase Medicare funding. Medicare's long-term solvency is going to take more than tax increases, because it is growing at a rate that no tax base in the world could long support. Further, even if a tax increase alone could solve the problem, it does not follow that the only tax increase that could possibly be considered is a new tax on the income of middle-class senior citizens.

Democrats need to admit that this tax hike should never have been imposed. Republicans opposed it in 1993 when it was first passed, and Democrats said that Republicans were just playing politics. Republicans continued to oppose it in 1994, in 1995, and now in 1996, and every year they were accused of having political motivations. It is a convenient argument for Democrats to make because their arguments do not stand up, but it is a totally irrelevant argument as well. Even if Republicans were playing politics, would that be any excuse for leaving this unjust tax in place on middle-class senior citizens? Democrats passed a totally unjustified tax in 1993, they should admit, and they should repeal it as soon as possible. They should support the Gramm amendment.

Those opposing the amendment contended:

President Clinton's historic deficit reduction package asked only the top 13 percent of Social Security recipients to pay higher taxes on their benefits. Every penny of the revenue from those taxes was, and is, used to strengthen the Medicare trust fund. Most people who pay Social Security taxes also pay Medicare taxes. Thus, this tax on wealthy senior citizens is not being used to raise money for matters which do not concern them--it is being used only to improve the solvency of the Medicare trust fund, which they have a vested interest in seeing remain solvent. This whole debate is phony. Republicans have been talking about how concerned they are with strengthening Medicare, and now they have offered this amendment that would hurt Medicare just in order to lower taxes on wealthy retirees. The average net worth of the senior citizens who pay this new tax is more than \$1 million. We see nothing wrong with taxing the Social Security benefits of elderly millionaires who receive Medicare in order to make Medicare more solvent. We therefore oppose the Gramm amendment.

MAY 22, 1996

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